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CENTRAL INTELLIGENCE AGENCY  
**INFORMATION REPORT**

COUNTRY Czechoslovakia

SUBJECT Analysis of Military Budget for 1954.  
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1. The Czechoslovak military budget as officially presented by the Ministry of Defense shows a diminution of seven percent with regard to that of 1953. This diminution is achieved by camouflage: certain military expenses are concealed in the budget of the Ministry of the Interior, where there is an augmentation of six percent in sums for the security services with regard to the policing of the frontiers, which is shared by the army and the border guard. Other sums are hidden in the budget of the Ministry of Industry, which has an augmentation of nine percent for the services of technical experimentation relating to atomic weapons, radar, etc. The real military budget is thus eight percent higher than that of 1953.
2. To it there ought to be added the expenses for the organization of military flotilla at Komárno on the Dunaj River, which will come to 200 million Czechoslovak crowns. The organization of this military river guard will be copied from that already existing in the USSR, but as in Russia, the expenses of the organization will be carried in those of the Ministry of Transport.
3. The man who arranged this camouflage of military expenses is Antonin Vondrovec. He also arranged that the Ministry of Foreign Commerce should carry in its budget the expenses for the delivery of Soviet planes to the Czechoslovak Air Force during 1954. The planes coming to Czechoslovakia during the year will comprise 950 fighters (MIG-15s in principle) and 350 bombers (TU-4s in principle).
4. The military budget for 1953 called for the delivery of 800 fighters and 250 bombers, but down to 31 Dec 53 not even 70 percent of these figures had actually been reached.
5. The same means of concealment will be used for the expenses relating to the delivery and upkeep of the new MIG-17 planes, now being produced in larger quantity in the USSR. The order has been given to conceal every possible military expense in order to give the impression of a relaxed pace of armament.

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